

Benefits and risks of infrastructure PPP projects

Andrew Osborn

What is a Public Private Partnership (PPP)?

- Long-term contract between public and private sectors to deliver public sector asset and services
- Private sector designs, builds, finances & operates the asset
- Public sector pays an agreed availability, performance related, payment
- Asset handback requirements at contract end

PPP Benefits and Drawbacks

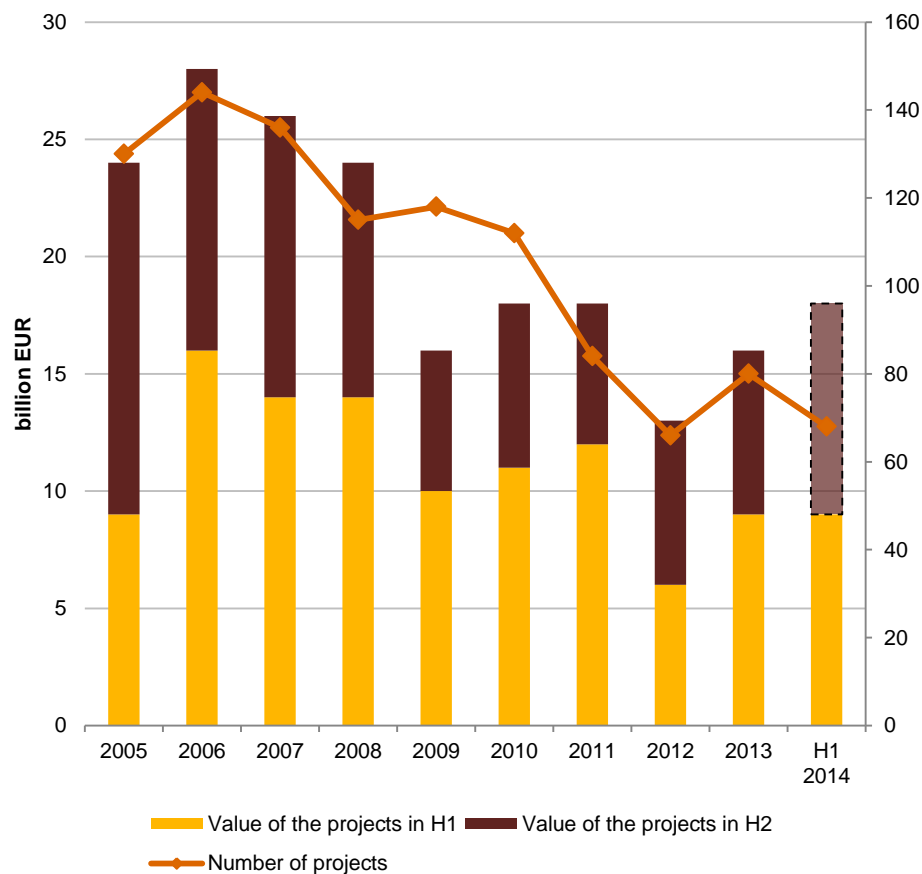
Public Sector

- + Affordability
- + Cost and schedule certainty
- + “Whole-life” benefits
- Private financing costs
- Reduced contract flexibility

Bidders

- + €1bn+ opportunity
- + Contractual framework is tried and tested
- + Opportunities for innovation
- Bidding costs

PPP in Europe in H1 2014



Source: European PPP Expertise Center, Market update H1 2014

34
 Number of closed
 PPP projects in H1
 2014 (24 in H1
 2013)

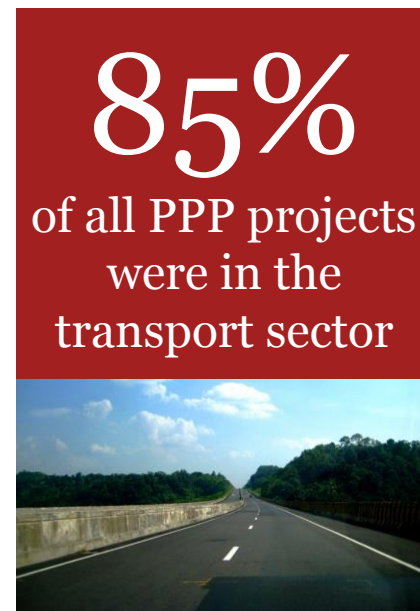
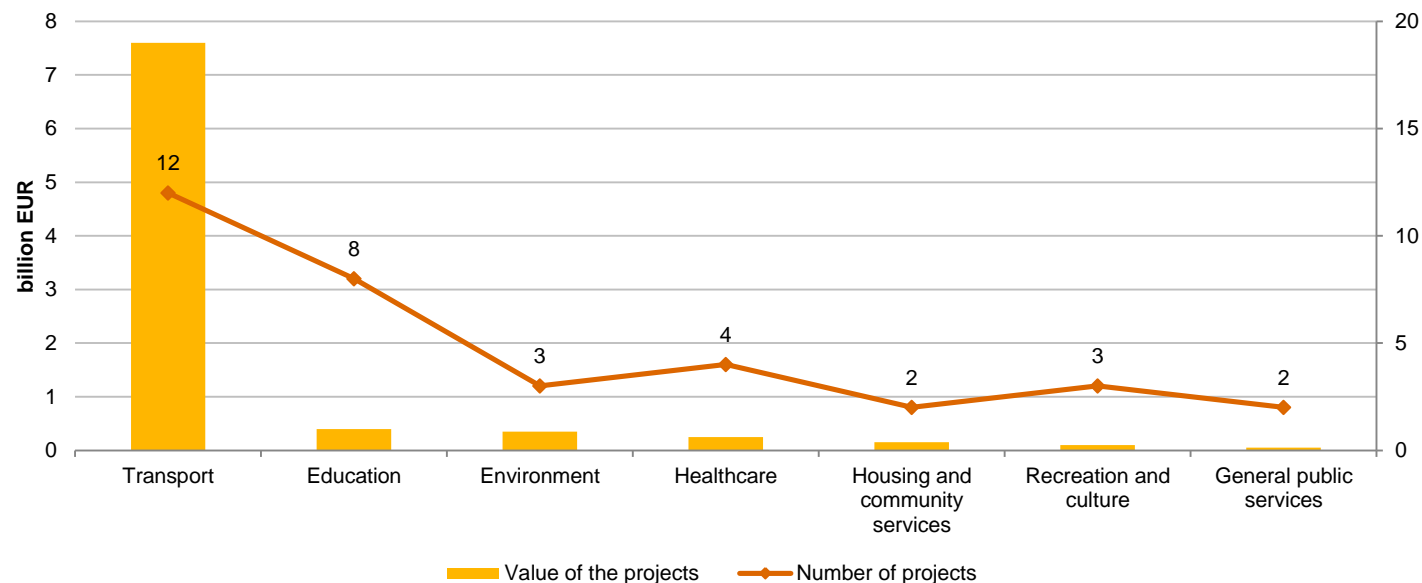
9
 Value of closed
 PPP projects in H1
 2014 in billion
 EUR

264
 Average value of a
 PPP project in H1
 2014 in billion
 EUR

12
 Countries with at
 least 1 closed PPP
 project in H1 2014
 (15 in 2013–H1
 2014)

PPP in Europe in H1 2014

Overview of PPP projects by sectors



Source: European PPP Expertise Center, Market update H1 2014

- Value of closed PPP projects in the **transport sector** reached EUR 7.6 billion
- **Education** was the second biggest sector with 7 deals closed, in the total value of EUR 400 million

Market Update

Key Themes

- Strong market appetite
- Competitive financing terms and solutions
- Desire for simplicity
- Drive to speed up the procurement timelines

Sample of comparable projects from 2014

Project	Country	Contract Award	Size (Euros)
A11	Belgium	March 2014	650m
Mersey Gateway	UK	March 2014	700m
A7	Germany	August 2014	600m
A9	Netherlands	November 2014	590m
Aberdeen Western Peripheral Route	Scotland	December 2014	700m

Questions?